

April 10, 1998

**CERTIFIED MAIL - URGENT
RESPONSES DUE TO NCUA BY APRIL 24, 1998**

«VendorName»
«Address»
«Address2»
«City», «State» «Zip»

To the Information Systems Vendor Addressed:

The purposes of this letter are to:

- 1) Provide you with a copy of the Year 2000 legislation recently enacted by Congress and to inform you of the National Credit Union Administration's (NCUA) initial plans to implement this legislation.
- 2) Invite your participation at the May 13, 1998, NCUA Vendor Conference.
- 3) Request that you provide select information to the NCUA before April 24, 1998. All requested items should be addressed as follows:

*National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, VA 22314-3428*

ATTN: Y2K Vendor Reply

Y2K Vendor Letter
April 10, 1998

FAX: (703) 518-6499

CONGRESS GIVES NCUA REGULATION AND EXAMINATION AUTHORITY OVER INFORMATION SYSTEMS VENDORS (ISVs)

The "Examination Parity and Year 2000 Readiness for Financial Institutions Act" was enacted on March 20, 1998. Congress resolved that the Year 2000 issue poses such a serious challenge to the American economy that it gave financial institution regulators, including NCUA, examination authority over ISVs to assure the safety and soundness of the Nation's financial institutions. This authority spans from the date of enactment to December 31, 2001.

NCUA plans to review select ISVs providing share and loan processing services to credit unions. The scope of the review is as follows:

- Y2K-specific.
- Status of renovation to date.
- Vendor schedule of release dates.
- Testing strategy and oversight of successful testing by credit union clients.
- Contingency planning.

The review will result in a report of your overall Y2K status, as an organization and service provider. You will have the opportunity to discuss and respond to the findings prior to the finalization of the report. Once the report is finalized, the findings will be summarized to facilitate credit union client disclosure of each ISVs Y2K readiness. This "Summary of Findings" will be available to your credit union clients. We are also considering posting the summary to the NCUA website.

NCUA VENDOR CONFERENCE SCHEDULED **RSVP by April 24, 1998**

We invite you to participate in NCUA's Vendor Conference scheduled May 13, 1998 at the Westin Atlanta Airport Hotel in Atlanta, GA. Due to space limitations, we can accommodate no more than two representatives from each vendor. You will need to make your own lodging arrangements directly with the hotel. Please see the enclosed Vendor Conference Registration Form for information about lodging and registration. We strongly encourage your participation. At that meeting we will primarily:

Y2K Vendor Letter
April 10, 1998

- Discuss the new law and its impact on ISVs.
- Discuss NCUA's initial ISV examination and regulation plans.
- Develop industry guidance for testing strategies on Y2K compliance.

Your participation is encouraged so that you may take part in jointly developing sound strategies to assist your credit union clients in meeting the testing phase of the Year 2000 compliance timeline.

Many NCUA examiners will also attend the conference to observe and participate in the discussion of testing issues. This discussion will help them to better understand some of the realities and pending testing issues that they should consider before writing findings on testing issues at credit unions.

**PUBLICATION OF SELECT ISV Y2K CRITICAL
INFORMATION ON NCUA's WEBSITE**
Response Due to NCUA By April 24, 1998

As a method of keeping credit unions informed about the Y2K readiness of the ISVs that serve their financial community, we intend to publish key information on ISV share and loan processing applications on the NCUA website. The information we will initially publish is as follows:

- The name, phone, and fax number of the primary Y2K contact person for each ISV (by version, if there are multiple applications).
- The scheduled beta test release date for each continuing version available from the ISV.
- The scheduled full release date for the each Y2K compliant version.
- Your website URL.

To help us assemble this information, please complete the response form enclosed. If you elect not to provide the information requested, your non-response will be posted to the website. If you have any additional information you would like to share on the website regarding your Y2K readiness, we will consider posting your request. The website will initially contain the information that you send by April 24, 1998. However, it will be updated on a flow basis as you

Y2K Vendor Letter
April 10, 1998

submit modifications to us. We are particularly interested in modifications for any date slippage from your planned release dates.

To send modifications you may forward changes to the NCUA Office of Examination and Insurance's Year 2000 Internet address at -Year 2000@NCUA.gov.

INFORMATION REQUIRED FOR SUBMISSION TO NCUA
Response Due to NCUA By April 24, 1998

In addition to the public information that we plan to display on our website, please provide by April 24, 1998, the following documents for our review pursuant to our recently enacted regulatory authority:

- Your Y2K Plan.
- A list of the credit union clients that will test your beta version.
- Your strategy to accommodate client-specific testing needs.
- Your strategy and plan to oversee the success of your testing applications in the credit unions you currently serve.
- Your contingency plan if the Y2K compliant version is not successfully released as scheduled.

Please identify those documents that are confidential by stamping "CONFIDENTIAL" on each page of the document. Information you designate as confidential will not be posted on the NCUA website nor released publicly unless required by law. We will contact you prior to any release of documents you have designated as confidential. For more information, please see NCUA's Freedom of Information Act regulations found at 12 C.F.R. §792.29.


We are sensitive to your concerns regarding intellectual property and trade secrets, and we will carefully balance those concerns with our examination responsibility. Again, we encourage your participation at the vendor conference in May to further discuss these important issues.

CONCLUSION

Y2K Vendor Letter
April 10, 1998

We have a challenging issue before us. NCUA is committed to a cooperative effort that engages all interested parties in the development of plans that will deliver credit unions into the new millennium as safe and sound financial institutions in which their credit union members may have confidence. We recognize that ISVs are partners in this process and we wish to support and facilitate this important partnership. As always, we are interested in your comments and concerns and look forward to hearing from you at the conference.

Sincerely,



David M. Marquis, Director
Office of Examination and Insurance

EI/JJW:lm
SSIC 13600
Enclosures

cc: All Federally Insured Credit Unions
All NCUA Field Staff

State Supervisory Authorities
NASCUS

Enclosures:

Vendor Conference Registration Form
Website Y2K Information Response Form
Examination Parity and Year 2000 Readiness for Financial Institutions Act

Y2K Vendor Letter
April 10, 1998

CERTIFIED MAIL - URGENT

«VendorName»
«Address»
«Address2»
«City», «State» «Zip»

RESPONSES DUE TO NCUA BY APRIL 24, 1998